

Message Text

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ACTION IO-13

INFO OCT-01 EUR-12 ISO-00 SS-15 SP-02 L-03 H-02

AID-05 CIAE-00 COME-00 EB-08 FRB-01 INR-07

NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 LAB-04

SIL-01 OMB-01 AF-08 ARA-10 EA-09 NEA-10 /137 W

-----052036Z 069301 /53

R 051534Z APR 77

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC 1307

INFO USMISSION USUN

UNCLAS VIENNA 2692

E.O. 11652: N/A

TAGS: OCON, UNIDO, EIND

SUBJECT: FIFTH SESSION, INTERGOVERNMENTAL COMMITTEE TO

DRAFT CONSTITUTION FOR UNIDO (IGC-V); ARTICLE 2(N);

TRANSNATIONAL CORPORATIONS

REF: (A) VIENNA 1989; (B) VIENNA 1990

1. SUMMARY: INTENSIVE NEGOTIATIONS IN AD HOC DRAFTING GROUP ON REFERENCE TO TRANSNATIONAL CORPORATIONS IN ARTICLE 2, SUB-PARA (N) FAILED WHEN G-77 WITHDREW FROM CONSENSUS TEXT PUT FORWARD BY DRAFTING GROUP. DRAFTING CONSTITUTION NOW CONTAINS THREE COMPETING TEXTS SPONSORED BY GROUPS B, D, AND 77. END SUMMARY.

2. AD-HOC DRAFTING GROUP DEVOTED SEVERAL SESSIONS TO DISCUSSION OF ARTICLE 2(N) DEALING WITH TRANSNATIONAL CORPORATIONS IN ATTEMPT TO FORMULATE CONSENSUS TEXT FOR ADOPTION BY IGC. AFTER INTENSIVE NEGOTIATION, G-77 REP AMBASSADOR SALTAR (PAKISTAN) PROPOSED FORMULATION BLENDING CRITICAL ELEMENTS GROUP B TEXT (REFTELS) WITH THAT OF G-77, AS FOLLOWS (A/AC.18/CG/INF.1); QTE (N) COOPERATIVE WITH GOVERNMENTS OF ALL MEMBER STATES OF THE ORGANIZATION AND UNCLASSIFIED

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THE APPROPRIATE BODIES OF THE UNITED NATIONS DEALING WITH TRANSNATIONAL CORPORATIONS IN ORDER THAT THE ACTIVITIES OF THESE CORPORATIONS /SHOULD/ CONTRIBUTE TO INDUSTRIAL DEVELOPMENT /OF ALL COUNTRIES,/ AND TO THE STRENGTHENING OF THE ECONOMIC INDEPENDENCE OF THE DEVELOPING COUNTRIES IN CONFORMITY WITH THEIR ECONOMIC AND SOCIAL AIMS. END QTE. THIS TEXT WAS ADOPTED BY DRAFTING GROUP AS BASIS FOR CONSENSUS,

BUT DID NOT SURVIVE REVIEW BY G-77 PLENARY.

3. AT SUBSEQUENT MEETING OF DRAFTING GROUP, SATTAR ANNOUNCED THAT G-77 COULD NOT ACCEPT CONSENSUS TEXT SINCE ITS MEMBERS BELIEVED THAT THRUST OF SUBPARA (N) SHOULD GO TO ENSURING THAT TNC ACTIVITIES CONFORMED WITH LDC AIMS AND NOT SIMPLY TO FACILITATING TNC CONTRIBUTION TO INDUSTRIAL DEVELOPMENT OF LDC'S. G-77 THEREFORE REINTRODUCED ITS HARD LINE TEXT AND GROUP B REVERTED TO ITS TEXT. IN SUBSEQUENT PRIVATE DISCUSSIONS, SATTAR TOLD US DEL THAT HE SAW NO PROSPECT FOR G-77 COMPROMISE ON SUBPARA (N) GIVEN COMPOSITION OF G-77 REPRESENTATION TO IGC-V. HE REPEATEDLY SUGGESTED THAT GROUP B MAKE NO FURTHER ATTEMPT TO INDUCE COMPROMISE, BUT RATHER LEAVE THIS AREA OF DISAGREEMENT FOR RESOLUTION BY PLENIPOTENTIARIES; IN HIS OPINION, PLENIPOTENTIARIES WOULD LOOK ASKANCE AT G-77 HARD LINE TEXT AND PROBABLY MOVE TO STRIKE ALL REFERENCE TO TNC'S FROM CONSTITUTION. GIVEN APPARENT FRUITLESSNESS OF FURTHER DISCUSSION, GROUP B DID NOT REVERT TO THIS ITEM IN SUBSEQUENT NEGOTIATIONS.

4. GROUP D (SOCIALIST BLOC), DID, HOWEVER, MAKE ONE MORE ATTEMPT TO RESCUE SUBPARA (N) -- WHICH WAS ITS INITIATIVE IN FIRST PLACE -- FROM CONTINUED DISAGREEMENT BY INTRODUCING FROM FLOOR NEW LANGUAGE, DURING CONTACT GROUP MEETING. ALTHOUGH THIS LANGUAGE MET WITH NO RESPONSE, GROUP D SUBSEQUENTLY INSISTED FROM FLOOR OF PLENARY APRIL 2 THAT ITS LANGUAGE BE CARRIED IN RECORD AS THIRD ALTERNATIVE VERSION. TEXT, AS READ OUT, GOES ALONG FOLLOWING LINES: QTE COOPERATE WITH GOVERNMENTS OF ALL MEMBERS OF THE ORGANIZATION AND UNCLASSIFIED

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THE APPROPRIATE BODIES OF THE UNITED NATIONS DEALING WITH TNC'S IN ORDER THAT THE ACTIVITIES OF THESE CORPORATIONS ARE NOT CONTRADICTORY TO THE ECONOMIC AND SOCIAL AIMS OF THE DEVELOPING COUNTRIES. UNQTE

5. IN LIGHT OF AMBASSADOR SATTAR'S ANALYSIS OF LIKELY ATTITUDE OF PLENIPOTENTIARIES, DEPT. MAY WISH CONSIDER MOVING TO STRIKE OUT GROUP B VERSION FROM ANY DRAFT TEXT, IN ORDER THAT IT BE CLEAR THAT GROUP B DOES NOT WISH ENTER-TAIN ANY UNIDO FUNCTION IN RESPECT OF TNC'S ON GROUNDS THIS ACTIVITY NOT APPROPRIATE TO UNIDO. SHOULD THERE OCCUR YET ANOTHER OPPORTUNITY FOR NEGOTIATION OF TEXTS PRIOR TO PLENIPOTENTIARIES' MEETING, DECISION CAN BE DEFERRED TO TAKE ACCOUNT OF RESULTS THOSE NEGOTIATIONS. STIBRAVY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENT DRAFT, COMMITTEE MEETINGS, CONSTITUTIONAL AMENDMENTS, INTERNATIONAL ORGANIZATIONS, MEETING REPORTS
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Executive Order: N/A
Errors: N/A
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Office: ACTION IO
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 VIENNA 1989, 77 VIENNA 1990
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 12-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2887993
Secure: OPEN
Status: NATIVE
Subject: FIFTH SESSION, INTERGOVERNMENTAL COMMITTEE TO DRAFT CONSTITUTION FOR UNIDO (IGC-V); ARTICLE 2(N); TRANSNATIONAL CORPORATIONS
TAGS: OCON, EIND, UNIDO
To: STATE
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/b303efa9-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

